

Real Estate Services

2005-07 Business Plan

EXECUTIVE SUMMARY

Activity Description

Real Estate Services (**RES**) of the Division of State Services of the Department of General Administration is responsible for supplying real estate services to state agencies, boards, and commissions. Functions include comprehensive leasing and architectural services, contract management for leased space including parking, the maintenance & operation of GA-owned properties outside Thurston County, and contracting for the long-term lease, purchase or sale of state-owned properties. Support is also provided to agencies to help meet the goals of the CTR law to reduce congestion, air pollution and energy use. This activity also negotiates the Intercity Transit contract. (General Administration Services Account-Appropriated and Nonappropriated)

Real Estate Services has a biennial budget of \$15.78M and 24.9 FTE's.

Retrospective

At the beginning of the 2001-2003 biennium, a number of significant problems were highlighted in Thurston County, but which applied state-wide:

The state had too many leases overall - especially in spaces of 5,000 SF or less - in comparison to the amount of total square feet leased. This created administrative and management inefficiencies.

Agency fragmentation created deficiencies in service delivery, management and communications. It also led to duplication of service, and increases in costs for staff, equipment and space.

The inventory of both leased and owned buildings was aging, increasing operational and maintenance costs.

During the 2003-2005 biennium, a number of initiatives, concentrated in Thurston County, were undertaken by RES to alleviate these problems

1. Preferred Leasing Areas Policy.

This policy, developed, in collaboration with the cities of Lacey, Olympia and Tumwater, was aimed at concentrating state agency leases within medium to high density areas. At the beginning of 2001, approximately 30% of leases were outside the newly created Preferred Leasing Areas (PLAs). By the beginning of 2004, less than 5% of leases were outside the PLAs.

2. Consolidation

Using a combination of leasehold exchanges and the rehabilitation and expansion of existing buildings, a number of consolidations were accomplished or are in the process of being accomplished this biennium. Among those are the Department of Health, which went from 21 sites in 7 locations, to 2 buildings (and a number of conjoined huts) in 3 adjacent locations and

the Administrator of the Courts, from 3 sites to 1 site. In addition, the construction of the new Tumwater Office Building will lead to the consolidation of WSDOT offices, from 7 leased locations to 3, (including the Headquarters Building on Capitol Campus).

3. Age and Quality of buildings:

By utilizing leasehold exchanges, RES has created an incentive for lessors to refurbish the aging inventory or replace it. In addition, RES has pushed for the use of high performance building standards and encouraged the use of “green building” standards.

4. Lease Cancellation Clause

Effective November 1, 2003, all leases were to include language that would have permitted the termination of the lease if sufficient funds had not been appropriated to pay an agency’s rent during the next biennium, or the Governor had issued an Executive Order mandating an emergency reduction in funding. However, the Supplemental Capital Budget for FY04, section 906, amending RCW 43.82.101, prohibited the inclusion of non-appropriation clauses in leases with terms of ten years or less. Then the Governor directed GA to work with stakeholders to develop cancellation language for operating and capital leases. This language will provide the state flexibility to consolidate or co-locate state agencies if such opportunities arise or respond to funding reductions that necessitate termination of leases. This will properly protect the Legislature and state agencies and is a complement, to section 906.

Prospective

RES intends to build on these initiatives over the next biennia and replicate them state-wide:

1. Increased effort for consolidation and co-location:

RES will replicate its success in Thurston County state-wide. This includes the development of similar initiatives to the PLAs in other cities as well as the use of leasehold exchanges. For example, a major consolidation is being planned for Seattle and the potential for consolidation in other cities will be explored.

2. Quality and Sustainability:

RES will increase its emphasis on quality design and environmentally sustainable and energy efficient space. This will occur through the incorporation of these elements into the Leased Space Requirements, as well as the use of incentives to encourage their incorporation into lease development projects.

3. Increased emphasis on security:

Security concerns are impacting the design of buildings and RES has begun to develop design guidelines for security measures.

Four other important initiatives will be added:

1. Increased effort at coordination:

As agency budgets are trimmed and programs are cut, agencies will have less resources devoted to internal coordination of facilities programming. RES will increase its efforts to “fill in the gap”.

2. Increased outreach to clients:

It seems obvious that clients are not aware of what we do or how we do it. RES will increase its efforts to promote awareness of the breadth and value of the services it provides.

3. Branding:

RES will implement the branding initiative by developing and marketing RES as providing a “menu” of services that can be tailored for client needs.

4. Develop a new approach to funding services

GA plans to propose a new rate structure for the 05-07 Biennium which will fund an entire portfolio of real estate services including new leases, lease renewals, design and space planning, parking support associated with leasing and the administration of the Commute Trip Reduction Program. Administration of the CTR Program is currently part of the CTR cost allocation on the Facilities and Services billing. However, it fits compatibly with Real Estate Services as an expansion of its “portfolio” of services. Eliminating this one FTE program within the state’s program-budget structure also improves both GA and overall state efficiency.

Based on a percentage fee of the annual value for their current active leases, customers will be able to access a full range of leasing and design services. RES is currently doing the stakeholder work on this change.

Sect II	05-07	07-09	09-11
Goal 1:	Optimize the use of state facilities	Optimize the use of state facilities	Optimize the use of state facilities
Objectives:	1.1 Encourage consolidation and co-location to reduce fragmentation and increase efficiencies 1.2 Fill vacant state-owned or vacant leased space to which the state continues to have an obligation first. 1.3 Fill vacancies in GA Building and Tacoma Rhodes Center as a priority	Continue to encourage consolidation and co-location to reduce fragmentation and increase efficiencies	Continue to encourage consolidation and co-location to reduce fragmentation and increase efficiencies
Strategies:	(a) Develop priority leasing policy requiring agencies to backfill vacancies (b) Hire private sector real estate broker to handle backfills (c) Target specific groups of agencies, such as small agencies	Develop Executive Order on siting of state facilities	
Performance Measures:	Promulgation of policy Number of backfills accomplished Number of new leases in GA Building		

Sect II	05-07	07-09	09-11
Goal 2:	Concentrate state agencies in medium to high density locations	Concentrate state agencies in medium to high density locations	Concentrate state agencies in medium to high density locations
Objective:	Maintain and enhance Preferred Development Areas and Preferred Leasing Areas in Thurston County in collaboration with local jurisdictions	Develop similar agreements with local jurisdictions in other parts of the state	Continue to develop similar agreements with local jurisdictions in other parts of the state
Strategies:	Revise and finalize new section to Thurston County PLA Policy re: PLA characteristics and criteria for change Incorporate PLA Policy in Master Plan	Through outreach and partnerships develop agreements related to PLAs Use Executive Order on siting of state facilities	Through outreach and partnerships develop agreements related to PLAs
Performance Measures:	Number of leased facilities inside/outside PLAs	Number of agreements	

Sect II	05-07	07-09	09-11
Goal 3:	House state agencies in high performance, environmentally sustainable facilities.	House state agencies in high performance, environmentally sustainable facilities.	
Objectives:	1.1 Incorporate high performance guidelines into solicitations for leased space larger than 50,000 gross SF in size and that the state plans to occupy for ten years or more. 1.2 Incorporate LEED (green building) and sustainability principles elements into the <i>Leased Space Requirements</i> 1.3 Conduct energy audits on leased facilities		
Strategies:	Work with stakeholders to develop new standards Use lease development projects as “models” for above. Ensure that sustainable products and practices for operations and maintenance of buildings are incorporated into Lease Agreements Provide sustainability and LEED training and orientation for agencies and lessors	Develop incentives to encourage developers/lessors to incorporate high performance elements and sustainable environmentally friendly products in their buildings, in terms of construction and operations and maintenance.	
Performance Measures:	Incorporation into <i>Leased Space Requirements</i>	Number of facilities/Leases incorporating above	

Sect II	05-07	07-09	09-11
Goal 4:	Ensure that state facilities are secure	Ensure that state facilities are secure	
Objective:	Develop minimum and generic security design and systems standards	Implement security design standards	
Strategies:	Work with stakeholders to identify needs and options		
Performance Measures:	Successful completion of stakeholder work	Number of facilities that incorporate above	

Sect II	05-07	07-09	09-11
Goal 5:		Ensure accessibility of state leased facilities	
Objective:		Classify state leased facilities using the Barrier Free Access Checklist	
Strategies:		Conduct accessibility audits of leased facilities	
Performance Measures:		Number of accessibility audits	

Sect II	05-07	07-09	09-11
Goal 6:	Implement Branding Initiative	Implement Branding Initiative	Implement Branding Initiative
Objective:	6.1 Identify and articulate RES' role 6.2 Develop RES as a "menu of services" 6.3Market menu of service	Expand GA's management of state leased facilities	
Strategies:	Market RES as an "essential operations partner" Identify client needs and match to RES services Market the menu of services	Develop marketing plan to distribute to agencies describing value added function	
Performance Measures:	Completion of marketing plan	Number of contacts made Number of agreements implemented	

Sect II	05-07	07-09	09-11
Goal 7:			Support state agency facility decisions with coordinated facilities planning
Strategies:			Develop capability to assist state agencies with strategic facilities planning
Objective:			Develop a pilot program with a selected agency for coordinated facilities planning
Performance Measures:			

Definitions:

Mission Statement: - describes the reason the line of business exists in general terms that captures its unique purpose & functions

Vision: - paints a picture of what business wants to be in the future

Goal – Broad, high-level, issue oriented statements of an organization's desired future direction

Strategies – Methods for achieving goals

Objectives – objectives break down goals into more specific pieces that describe measurable results achieved over a specific time

Performance Measures – measure whether objective has been achieved

